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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000100

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SUBJECT: KMT LY SPEAKER WANG ON LY OUTCOME, PRESIDENTIAL  
ELECTION, UN REFERENDUM

Classified By: Director Stephen M. Young,  
Reason(s): 1.4 (B/D).

11. (C) Summary: No one in the KMT expected to beat the DPP so badly in last week's Legislative Yuan (LY) elections, KMT LY Speaker Wang Jin-pyng told the Director on January 17. Voters used the LY ballot to voice displeasure with President Chen and other "irrational" DPP leaders. The presidential race is an entirely different ballgame, worried Wang, and DPP candidate Frank Hsieh (Chang-ting) has "underdog" status and "Taiwan identity" going for him. The KMT must remain sober and responsible, and KMT presidential candidate Ma Ying-jeou must assure Taiwan voters he will do nothing to upset Taiwan's de facto independence. To avoid controversial missteps, Wang told us the new KMT LY majority will encourage a "do-nothing" legislature until after the presidential election. On the other hand, the KMT has not yet decided what position it will take on the two UN referenda. Ma wishes to keep the KMT's UN referendum, in part to deflect charges that he, as a "mainlander," does not love Taiwan. Deep-blues in the party want to drop it, to foster better future relations with China. The KMT won't decide this question until just before the presidential election, predicted Wang, based entirely on a calculation of its effect on Ma's candidacy. End Summary.

#### KMT Takes Little Solace In LY Victory

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12. (C) Wang told the Director he and others in the KMT were surprised by the KMT's large margin of victory in last Saturday's Legislative Yuan (LY) elections. Wang explained that his own predictions had the KMT winning between 64-74 seats, and the DPP no fewer than 35. Wang did not credit KMT presidential candidate Ma Ying-jeou or others in the party for the KMT win, however. Rather, voters used the LY ballot to express their profound dissatisfaction with President Chen and others in his cabinet, especially his outspoken Education Minister Tu Cheng-sheng. The KMT is taking little solace from its LY victory, added Wang, since the LY was a collection of "local" elections where personal connections to the candidate trump questions of "Taiwan identity." The DPP actually attracted a higher percentage of the LY vote than it did in 2004, observed the Director. That is only because the pan-Green TSU had collapsed, replied Wang, leaving its deep-green voters nowhere to turn but the DPP.

## Sober and Responsible

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13. (C) The KMT is taking special pains to appear humble and sober following the LY elections, Wang continued. Shortly before the final results were announced on Saturday night, all of the party heavyweights, including Ma, Chairman Wu Poh-hsiung, Secretary-General Wu Den-yi, Honorary Chairman Lien Chan, and Wang himself met to decide how the party should react, and to begin planning how the party should conduct itself until the March 22 presidential election. With the notable exception of Lien, Wang continued, the party is unified behind Ma, and everything the party does will be aimed at increasing Ma's chances of victory in March.

14. (C) To that end, and to stave off accusations that the KMT is monopolizing power in the LY, Wang told the Director, the KMT has offered four of the eight committee convener (chair) positions to DPP legislators. Wang said he had pitched the idea to KMT Chairman Wu earlier this week. Wu had concurred and instructed Wang to extend the offer to DPP caucus leader Ker Chien-ming yesterday, January 16. According to Wang, Ker welcomed the proposal, and had promised to seek approval from the DPP party leadership.

## Do-Nothing Legislature

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15. (C) If the new KMT-led LY doesn't do much between the February 1 swearing-in date and the March 22 presidential election, reasoned Wang, then it can't do much wrong. For this reason, the KMT has decided to use its LY majority to minimize legislative activity until after the presidential

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election. This is not as difficult or unusual as it sounds, Wang explained. After being sworn in, a new LY customarily receives 1-2 weeks of status reports from the Executive Yuan.

This will be followed by legislative drafting sessions, which usually continue for 2-3 weeks. One also has to factor in the Lunar New Year holiday, this year February 6-11. In a presidential election year, it is also customary for legislators to recess for 2-3 weeks to campaign. Wang said he expects no opposition from DPP legislators, who will want to campaign for Hsieh.

## Plenty of Time for Hsieh

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16. (C) If the presidential election were tomorrow, Wang quipped, Ma Ying-jeou would win in a landslide, but DPP presidential candidate Frank Hsieh still has two months to turn the race around. After the DPP's humiliating defeat in the LY election, Wang continued, Taiwan voters must decide whether they want to put the KMT in charge of both the legislature and the presidency. Hsieh could benefit from the "pendulum effect," described by local pundits as the natural desire to "balance" political power between two competing parties. As an ethnic Taiwanese, said Wang, Hsieh will try to push the pendulum in his favor by stoking Taiwanese distrust of the KMT and "mainlanders" like Ma. Ma's "Three New No's" (no independence, no unification, no force) are intended to reassure voters that he and the KMT will not do anything to jeopardize Taiwan's de facto independence. Wang for the first time spoke favorably of Ma's "long-stay" program in southern Taiwan. Voters had welcomed the opportunity to meet and speak with Ma, he acknowledged, which gave Ma's popularity a lasting boost.

## UN Referendum: Wait and See

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17. (C) The KMT has not yet decided what to do with its UN referendum, said Wang. The deep-blues in the party dislike the referendum, and believe letting it go would help pave the

way for better relations with China, assuming Ma wins. Ma wants to continue campaigning for the KMT referendum, and, according to Wang, has demanded that it not be withdrawn. Wang predicted the party would probably decide this question in March, only weeks before the presidential election. Pulling the referendum before then would leave the DPP too much time to attack Ma for waffling on the issue. In the end, Wang said, the party's calculation will center entirely on what makes a Ma victory most likely.

Comment

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18. (C) Wang is now set to preside over an LY in which the KMT and its pan-blue allies control a super-majority. His reputation within the party took a drubbing over the past year or so, with many in the KMT beginning to question his loyalty. Since the KMT LY sweep, however, Wang has been speaking more publicly and more positively of Ma and stressing the importance of party unity. This also serves Wang's political interests. Wang wants to remain a power center within the KMT and to be taken seriously as LY Speaker, but these will not happen unless the KMT leadership, especially Ma, believe Wang is completely on board.  
YOUNG